

2040, 2035, 2032? The ICE Ban: the UK need joined up policy to get there, not policy made up on the hoof

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The government has recently started consulting on bringing forward the ban on petrol and diesel cars from 2040 to 2035. Or perhaps even 2032.

Plug-in Hybrids (PHEVs) are likely to be captured by the ban, but whether it is all PHEVs or just some isn't really clear at this point given how the government has flipfopped over PHEVs in recent years.

Note that the government changed its mind several times on the original 2040 ban. The latter target originally didn't include PHEVs, then it did. After much confusion, PHEVs able to go over 50 miles on battery charge alone were excluded. So while the government is now saying PHEVs will be banned, that could change.

So quite what is in the 2035 (or 2032) target isn't yet clear. I don't think policymakers know yet as they haven't got in that level of policy detail, preferring big sounding pledges instead.

Let's be clear: a 2035 or 2032 target is welcome but the government needs a much clearer plan on how to get us there. This will be a challenging target to meet and there needs to be much more joined up thinking in policy and a clear direction of travel. At the moment policy simply doesn't stack up.

As Andy Palmer of Aston Martin noted in the context of the 2040 target, if you're doing a 'moonshot' you need a NASA to get there. At the moment we don't have that in terms of institutions and policies.

It's not surprising that the SMMT has called this a "[date without a plan](#)". It has a point.

In fact, government policy is at the moment pretty disjointed. Parts of government have been encouraging us to go electric, while the Treasury has been cutting – prematurely – subsidies for EVs. The latter has come at a time when other countries like Germany are increasing such support.

The British government had said it would axe EV subsidies in the form of the plug-in car grant in the next budget. But in one of his last acts before leaving government, former Chancellor Sajid Javid seemed to execute a quick three-point turn on that policy after the government came under flak of late for not spelling out how it was going to get to a 2035 target.

I say ‘seemed’ as all we have to go on is a great piece in the [Daily Telegraph](#) which quotes a Treasury official holding out the possibility of subsidies now continuing beyond 2020:

“Our intention to phase out the plug-in car grant was announced in 2018 but we recognise consumer incentives will continue to play a role beyond 2020. We’ll take a measured approach, balancing the needs of taxpayers, industry and consumers, and consider all options to increase the uptake of zero emission vehicles.”

The government has already cut EV subsidies twice, prematurely, and in my view should not be cut again for the next three years at least.

Bear in mind that 2020 is essentially ‘Year Zero’ for EV take up in Europe. Tough new European emissions regulations mean that carmakers will start pushing EVs in a big way as they will get a ‘super credit’ for every EV they sell in terms of calculating their overall fleet emission level.

But while EVs are cheap to run, upfront costs remain high. As battery costs and range improves, I expect there to be a tipping point in the early to mid 2020s when EV take up will really take off. Cutting subsidies prematurely doesn’t help get us there meanwhile.

More broadly the UK is lagging in terms of superfast charging infrastructure and we need to learn lessons from the likes of Norway which has gone electric in a big way.

Around 50% of new car sales in Norway have been EVs in recent months. The country has had a clear and consistent set of policies to make this happen. That includes tax breaks for EVs and support to make them usable in everyday life. The charging infrastructure is better and EV drivers can often drive in bus lanes and get reduced cost parking and ferries to help their journeys.

It's this holistic and joined up approach that we need here in the UK if 2035 or 2032 is going to work.

And more broadly we need an industrial strategy to help manufacturers and the supply chain shift over, with support for workers to retrain.

One example is a pressing need is for a battery gigafactory in the UK to make batteries at scale and very cheaply, in order to anchor EV production in the UK.

On this the UK is lagging behind; there is big investment going into various European countries while the UK has only limited battery production capability.

As I've [pointed out before](#), the biggest battery plant in the UK is a 2GWh plant facility in Sunderland which can make enough battery cells for roughly 50,000 40kWh Leaf models a year. That's increasingly seen as small scale.

Much bigger plants are being built by the likes of Samsung SDI (Hungary), LG Chem (Poland) and Northvolt (Sweden – and via a JV with VW in Germany).

As the Faraday Institution notes, based on current plans alone, battery manufacturing capacity in the major centres in continental Europe will reach 130 GWh per year in six years' time.

Other European countries are doing more in policy terms to attract such investment.

Germany has a €1 billion federal support programme for EV battery production, while in Poland and Hungary, special economic zones have been set up offering tax relief for EV production.

Britain needs to think of something similar if it wants to see battery production and EV assembly in the UK going forward.

A final point: there is a Brexit dimension to EV sales as well. While the UK is participating in the EU's emissions reduction programme this year, beyond 2020 that is not clear.

Without a similar approach in the UK car firms will not have an incentive to sell EVs into the UK as the cars won't count towards their fleet emission averages. That could see them switch EV sales to EU countries. Some sort of coordination with the EU on policy in this area will be required going forward.

This piece first appeared at [Automotive Management](#).